UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice FLP-204

1924-B

For: State and County Offices

Using Farm Program (FP) Payments When Developing Typical Year and Long Range Farm and Home Plans for Crop Year 2003 and Beyond

Approved by: Deputy Administrator, Farm Loan Programs

Carolyn B. Cooksie

1 Overview

A Background

The Federal Agriculture Improvement and Reform Act of 1996 contains Title I, Agricultural Market Transition Act (AMTA), which authorized the Secretary to provide FP payments to farm operations for a period of 7 crop years from 1996 through 2002. The current farm bill will expire on December 31, 2002. Although specific provisions of the next farm bill cannot be known at this time about FP payments, it is a reasonable assumption that the new legislation will provide some type of FP payments for farm producers.

B Purpose

This notice:

- provides guidance on using FP payments when developing typical year and long range farm and home plans for crop year 2003 and beyond
- clarifies types of payments that should not be included when developing typical year and long range farm and home plans for crop year 2003 and beyond.

Continued on the next page

Disposal Date	Distribution
January 1, 2004	State Offices; State Offices relay to County Offices

1 Overview (Continued)

C
Contact

If there are questions about this notice:

- County Offices shall contact the State Office
- State Offices shall contact Orlando C. Kilcrease, Loan Making Division at 202-720-1472.

2 Action

A
Developing Typical Year and Long Range Farm and Home Plans for Crop Year 2003 and Beyond

Typical year and long range farm and home plans must be based on a producer's typical year farming operation. Therefore, loan approval officials shall include in the projected cash flow:

- FP payments, based on the 2002 AMTA payment levels
- any typical subsidies that are included in the President's annual appropriations budget in effect at the time of plan development.

  Example: Conservation Reserve Program and Loan Deficiency Program payments are typical subsidies.

B
Limitations

Typical year and long range farm and home plans must be based on a producer's typical year farming operation. Therefore, loan approval officials shall not include the following in the projected cash flow:

- any disaster related payments, as disasters and any related assistance are not considered typical for a farming operation
- any one-time payment assistance appropriated as a result of special legislation by Congress and the President.

Example: Payments under the Crop Disaster Program, Livestock Indemnity Program, Small Hog Operation Program, Environmental Quality Incentives Program, and Market Loss Assistance Program are considered one-time payments.